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REPORTS

FLORIDA'S NEW CORPORATE INCOME TAX REVISION: A FIRST LOOK

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On Tuesday, July 12, 1983, approximately two weeks after the decision of the United States Supreme Court in *Container Corporation of America v. Franchise Tax Board of California*,¹ and several days after the legislation was first drafted in the Florida House of Representatives, the Florida Legislature adopted a major educational reform package financed by certain new taxes on Florida businesses.² The tax provisions of the legislation [the Act] are the subject of this article. The Act, in addition to increasing excise taxes on the sale of alcoholic beverages, eliminated the foreign source income deduction in the Florida Corporate Income Tax Code [the Code] and imposed a new method of calculating the "fair share" of Florida taxes of companies doing business in the State which are part of the multistate or multi-national "unitary business groups." Florida thus joined several other states in adopting a "unitary" method of taxation.³

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1. Case No. 81-532, ___ U.S. ___, 103 S. Ct. 2933 (1983).

2. Act of July 19, 1983, SB No. 3-C, Ch. 83-349, 1983 Fla. Sess. Law Serv. 4848 (West). The Florida Senate approved the Act by a vote of 29 to 10. See FLA. S. JOUR. Sp. Sess. C of July 12, 1983 at 13. The Florida House of Representatives approved the Act by a vote of 62 to 51. See FLA. H.R. JOUR. Third Sp. Sess. C of 1982-1984 (July 12, 1983) at 3-5.

3. Other states include California, the model for the Florida legislation, as well as

Background

Reacting to criticism of the quality of education in Florida, the Florida Legislature resolved to upgrade the state's educational system by adopting major reforms such as merit pay increases for teachers. Such reforms, however, required the expenditure of large amounts of funds, which the Florida government lacked. Earlier attempts to raise this money, by increasing the Florida corporate income tax, had failed to gain the needed support in the Legislature.⁴

Then, on June 27, 1983, the United States Supreme Court rendered its decision in the *Container* case.⁵ With visions of greater tax revenues flooding into the State Treasury, the staff of the Finance and Tax Committee of the Florida House of Representatives drafted the Act in the course of a weekend soon after the *Container* decision was issued by the Court.⁶ On Monday, July 11, 1983, the Act was introduced in the Florida Legislature. Under great pressure from the Governor and Florida Senate and House leaders, the Act was adopted approximately twenty-four hours after it was first introduced in the Legislature.⁷ The short time period from conception to adoption of the Act meant that the Act was not presaged by the safeguards and deliberation which accompanied, for example, the adoption of the Code of 1971.⁸ That is, no report on the potential impact of the legislation was prepared prior to the final vote in the Legislature. Few business interests were even aware of the legislation before it was passed into law; even fewer had the opportunity to offer their views on the provisions of the Act. Indeed, there is no legislative history regarding the Act except for three short committee hearings and the floor debates on

North Dakota, Oregon, Colorado, Idaho, New Hampshire, Montana and Alaska. At the time of this writing, Alaska was reportedly considering eliminating the unitary provisions of its tax law.

4. For other background information, see Landry, *Florida's 'New' Unitary Corporate Tax* (Pt. 1), 57 FLA. B.J. 573 (1983).

5. For a brief analysis of the decision in the *Container* case, see *Supreme Court Approves Unitary Method of Taxation*, 20 TAX NOTES 108 (1983). See also Gragg, *Florida's 'New' Unitary Corporate Tax*, (Pt. 2) FLA. B.J. 575 (1983).

6. England, *Commentary on Senate Bill 3C* (Special Session-July, 1983). Amending the Florida Corporate Income Tax Code, 3, (unpublished article presented to the Florida House of Representatives on July 19, 1983).

7. *Id.*

8. See generally Harris, *State Taxation of Income Earned Beyond its Borders: Allocation on Apportionment of Unitary Business Income in Florida*, 8 FLA. ST. U. L. REV. 21 (1980).

July 11, 1983, which culminated in the adoption of the Act in the early morning of July 12, 1983.⁹

Prior Florida Tax System

Prior to July 12, 1983, the Florida corporate income tax was rather simple to both administer and comply with because it was essentially "piggybacked" to the corporate taxpayer's federal income tax return. That is, the Florida corporate income tax was based on adjusted federal income as declared on the taxpayer's federal income tax return, subject to certain limitations under state law.¹⁰ Thus, understanding and calculating the Florida corporate tax was relatively simple and straightforward.

One special feature of the Florida corporate tax was that income earned from foreign sources was not considered taxable.¹¹ This had been an exemption deliberately included in the Code in 1971 in order to attract international businesses to Florida.¹² The exemption proved very attractive, and was largely responsible for bringing great numbers of international banks and other multinational corporations to Florida between 1971 and 1983.¹³

In calculating the amount of tax due, the corporate taxpayer listed its total income from all sources and then deducted the foreign source income portion. Thus, income realized from foreign transactions, such as sales to persons outside of the United States, were not taxable in Florida.

In order to determine the "Florida portion" of a corporate taxpayer's adjusted federal income, such taxpayer would, therefore, first subtract all foreign source income (and other state adjustments), and then apportion adjusted federal taxable income based on the following formula:¹⁴

9. England, *supra* note 5, at 3.

10. See ch. 220, FLA. STAT. (1981), particularly § 220.13.

11. FLA. STAT. § 220.13(1)(b)2.b (1981).

12. Harris, *supra* note 7, at 21.

13. A. Oppenheimer, *Study Fuels Banks' Drive Against New State Tax*, The Miami Herald, September 19, 1983 (Business Monday) at 54.

14. FLA. STAT. § 220.15 (1981).

$$\text{Florida Taxable Income} = \text{Adjusted Federal Income} \times \frac{2 (\text{Sales Factor}) + \text{Property Factor} + \text{Payroll Factor}}{4}$$

$$\text{Sales Factor} = \frac{\text{Sales in Florida}}{\text{Sales Everywhere}}$$

$$\text{Property Factor} = \frac{\text{Average Value of Real and Tangible Property Owned or Rented in Florida}}{\text{Average Value of Real and Tangible Property Owned or Rented Everywhere}}$$

$$\text{Payroll Factor} = \frac{\text{Total Compensation Paid in Florida}}{\text{Total Compensation Paid Everywhere}}$$

Under prior law, "everywhere" was defined as all states, the District of Columbia and political subdivisions of the United States.¹⁵ This definition, which excluded foreign countries, was consistent with the deduction for foreign source income.

The fact that the "sales factor" in the above formula was given double weight in the apportionment formula is of special significance.¹⁶ Historically, this doubling of the sales factor was due to the Code framers' recognition that Florida was a "sales" State rather than an industrial center with major plants (property factor) and large numbers of personnel (payroll factor). This doubling feature is a special one under Florida law without parallel to the California tax system, or most other state systems.

Having determined the "Florida portion" of adjusted federal income, a flat five percent (5%) corporate rate was then applied, producing the Florida corporate tax.¹⁷ Thus, under the prior system, once the taxpayer's federal income tax return was complete, it was not too difficult to complete a Florida corporate tax return. The incremental administrative cost of complying with Florida law was therefore relatively insignificant.

Moreover, under the prior tax system it did not matter that the Florida corporate taxpayer was part of an integrated operation conducted internationally even though the Florida office generated

15. FLA. STAT. § 220.15(3) (1981).

16. FLA. STAT. § 220.15(4) (1981).

17. FLA. STAT. § 220.11(2) (1983). *See also* FLA. STAT. § 220.62(2) (1981) [franchise tax on banks and savings associations].

little or no taxable income. For example, many United States foreign banks chose South Florida as a base for coordinating their international operations in the Western Hemisphere. The Miami office of these banks might service a foreign affiliate's extensions of credit, but would not actually disburse any funds or collect any interest or fees from the affiliate's customers. So, too, a foreign steamship line could have a Florida "booking agent" for cargo or passengers, but all other income-generating operations would be conducted outside the United States. Since only the income attributable to the Florida operations was subject to tax under prior law, these corporations paid little or no Florida tax despite having such operations.

The New Florida Corporate Income Tax System

As a result of the Act, Florida tax law no longer provides a deduction from Florida taxable income of a corporation's foreign source income.¹⁸ Thus, sales effected to persons outside of the United States by Florida corporate taxpayers are now subject to tax at the 5% rate. To illustrate, suppose an exporter in Miami received 100% of its income from sales to foreign customers. Under prior law, the foreign source income deduction would mean the corporate exporter had no Florida taxable income. It is this feature of the prior law that permitted the export industry in Florida to flourish over the past decade and to make South Florida an international center for trade. Under the Act, 5% of the adjusted federal income of the exporter is now taxable by Florida, even if such income is totally derived from foreign sales.

Moreover, in determining whether there is a sale *in Florida* for inclusion in the numerator of the "sales factor" discussed earlier, the Act provides that a sale of tangible personal property is deemed to be *in Florida* if the property is delivered or shipped to a purchaser within Florida, regardless of the ultimate destination of the property.¹⁹ Under prior law, a sale was not deemed to take place within the State if the ultimate destination of the goods was outside of Florida.²⁰ This exempted transshipments from the Florida tax since the mere act of transporting goods through the State,

18. Ch. 83-349 1983 Fla. Sess. Law Serv. 4854-57 (West) § 3 (amending FLA. STAT. § 220.13(2)).

19. *Id.* § 1 at 4851-52 (amending FLA. STAT. § 214.71(3)(a)).

20. *Department of Revenue v. Parker Banana*, 391 So.2d 726 (Fla. 2d DCA 1981).

even when title to such goods passed, did not give rise to a "Florida sale." Since the new law reverses this aspect of the *Parker Banana* case, purchases of goods by dealers in Florida, the ultimate destination of which is outside of Florida, are now deemed to be Florida sales.

Greater Florida sales means that more income will be allocated to Florida under the formula discussed earlier. This has serious consequences for Florida's export community which, by and large, are wholesalers and distributors for nonrelated U.S. manufacturers. These manufacturers would, therefore, incur a tax which they would likely factor in their price to the exporters, making the ultimate sale eventually more expensive and possibly noncompetitive with foreign products. In addition, if the exporter were to sell the goods on an f.o.b. (Miami) basis, meaning that title to such goods passed in Florida, and even though the ultimate destination of the goods was overseas, this would constitute a "Florida sale" for purposes of the exporter's sales factor in the allocation formula. The net effect is that the exporter would be required to pay a greater amount of Florida tax which he would have to factor into his own resale price.

In addition, the Act provides that a Florida sale shall be deemed to occur if property is shipped from an office, store, warehouse, factory or other place of business in Florida *and* either the purchaser is the United States Government *or* the taxpayer is not subject to a tax upon, or measured by, income in the jurisdiction to which the sale would be assigned absent the Florida law.²¹ This latter feature is a form of the throwback rule implemented by many states by which a state reapportions back to itself the sales of goods which another state does not tax or have the jurisdiction to tax.²² Several states in this country have no corporate income tax. Consequently, shipments from Florida to those states (or to any foreign nontax jurisdiction) will be held to be "Florida sales" even if title to the goods is transferred outside of Florida. This provision is of enormous scope and significance. It would make virtually every overseas shipment from Florida a "Florida sale" unless the goods were sold in the foreign jurisdiction in a manner whereby

21. Ch. 83-349 1983 Fla. Sess. Law Serv. 4851-52, 1 (amending FLA. STAT. § 214.71(3)(a)). Previously, sales to the United States Government were not considered sales "in Florida" for purposes of the allocation formula.

22. England, *supra* note 5, at 9.

a "tax" would be incurred.²³

Even mere transshipments of merchandise through Florida, such as goods stored and then shipped from a foreign trade zone, could be included under this new definition of Florida sales if their ultimate destination is a nontax jurisdiction or if the purchaser is the United States Government. This could have a major adverse impact on the international transportation industry in Florida, since companies would be encouraged to bypass the State and ship from other locations.

Of great public controversy and significance is that, under the Act, members of a "unitary business group" located outside of Florida could have some portion of admittedly non-Florida income drawn onshore and taxed by Florida.²⁴ This results because the Act adopts a "unitary business" reporting concept requiring that adjusted federal income of all members of a unitary business group be considered together for apportionment purposes.²⁵

A "unitary business group" is defined by the Act as a group of taxpayers related through common ownership whose business activities are integrated with, are dependent upon, or contribute to a flow of value among members of the group.²⁶ The law provides that when direct or indirect ownership or control is 50% or more of the outstanding voting stock of each member of the unitary business group, the group shall be deemed to be a unitary business group unless it can be clearly shown otherwise by the facts and circumstances in an individual case.²⁷ When direct or indirect ownership or control is less than 50% of the outstanding voting stock, all of the elements of the company's business activities are to be considered in determining whether the group qualifies as a unitary business group.²⁸ Consequently, it is possible that even corporations re-

23. Few foreign jurisdictions tax foreign sellers unless they have some form of business presence within their borders, such as an office, regular sales agent, and the like. Merely selling into a country without any form of permanent establishment, as by making c.i.f. (port of arrival) sales, is usually not considered taxable. The draft regulations under the Act issued by the Florida Department of Revenue on September 2, 1983, define when a taxpayer is considered taxable in another jurisdiction. See Draft Rule 12C-1.03(1)(p).

24. See Oppenheimer, *Groups Banding Together to Seek Repeal of New Tax*, The Miami Herald, August 1, 1983 (Business Monday), at 12.

25. Ch. 83-349, 1983 Fla. Sess. Law Serv. 4858-59, § 5 (creating FLA. STAT. § 220.135).

26. *Id.* § 2 at 4853-54 (creating FLA. STAT. § 220.03(1)(aa)).

27. *Id.* The Act clearly limits the ownership or control test to *voting stock*; the draft regulations, however, appear to eliminate the requirement that the stock be voting stock. Draft Rule 12C-1.15(4)(a) 2.a.

28. *Id.*

lated only through 10-25% of common interests could be treated as a unitary group. The burden, however, would be on the Department of Revenue to prove the existence of a unitary business group in such cases.

The draft regulations further detail the unitary business group concept by providing that the Florida Department of Revenue will examine the "three unities test" in determining the existence of the unitary business group.²⁹ This test consists of three elements: (i) unity of use; (ii) unity of ownership; and (iii) unity of operations. The regulations provide a detailed analysis and several examples of the workings of this test. For instance, unity of ownership is deemed to be a prerequisite for labeling a business "unitary." Consequently, unity of operation (the blending of staff, managerial or other resources) is not sufficient if the requisite cross ownership does not exist in the first place.³⁰

The adjusted federal income upon which the Florida corporate income tax is levied is thus redefined to include the adjusted federal income of United States members of the unitary business group as well as the net income of non-United States members of the group.³¹ This net income of non-United States members must be computed in accordance with generally accepted accounting principles [GAAP] applied in the United States, taking into account appropriate federal and state adjustments.³² This will probably require maintaining two sets of books with respect to foreign operations. The complexity entailed by this requirement is tremendous, particularly for foreign corporations such as international banking organizations, which do not recognize GAAP or even employ outside auditors. Adjusting a billion dollar balance sheet to accommodate a small operation in Florida would be cost prohibitive and may put into question the desirability of remaining in Florida.³³

Although net income and net losses from foreign operations are included in calculating the current year taxable income of unitary groups, net operating losses of the non-United States mem-

29. Draft Rules 12C-1.15(4)(a)(2).

30. *Id.* 12C-1.15(4)(a)2.a.

31. Ch. 83-349, 1983 Fla. Sess. Law Serv. 4858-59, § 5 (creating FLA. STAT. § 220.135(1)(a)).

32. *Id.* (creating FLA. STAT. § 220.135(3)).

33. Unpublished letter to Hon. Gerald Lewis, Comptroller, State of Florida, by Florida International Bankers Association, Annex I (Sept. 6, 1983).

bers of the group cannot be carried back or forward to another tax year (as provided under federal tax laws) in computing the Florida taxable income of the group.³⁴ Given the absence of legislative history of the Act, it is unclear why the Florida Legislature chose to bar foreign net operating loss carryovers and carrybacks. The Florida member of the group, however, could conceivably apply its past net operating losses to offset the income of the foreign members of the group.

Furthermore, the adjusted federal income for all members of the unitary business group must be determined for a "concurrent taxable year."³⁵ This provision introduces great complexity into situations where the members of the alleged unitary business group operate on different fiscal years. In the case of a parent-subsidiary relationship, the law requires that the income (or loss) of all corporations be determined on the basis of the parent's taxable year. Where there is no common parent corporation, the income (or loss) of the related corporations will generally be determined based on the taxable year of the corporation required to file a Florida return.³⁶

It must be noted, however, that only the "business" income of the unitary business group is apportioned by way of the formula discussed above. All nonbusiness income of the unitary business group is either "allocated" to Florida in its entirety or not allocated to Florida at all under the new tax framework.³⁷ Nonbusiness income is defined to include both rents and royalties from either real or tangible personal property, capital gains, interest, dividends, and patent and copyright royalties, to the extent that they do not arise from transactions and activity in the regular course of a corporation's trade or business.³⁸ All rents, royalties and capital gains or losses from tangible personal property are now subject to tax in Florida if the property is located in Florida or if the "commercial domicile" of the taxpayer is in Florida and the property is not taxable in the other state where the property is located.³⁹ For

34. Act of July 19, 1983, Ch. 83-349, 1983 Fla. Sess. Law Serv. 4854-57, § 3 (adding FLA. STAT. § 220.13(1)(b)1.d).

35. *Id.* § 5 at 4858-59 (adding FLA. STAT. § 220.135(1)(a)). See also Draft Rule 12C-1.135(1)(a).

36. Draft Rule 12C-1.135(1)(a).

37. Act of July 19, 1983, Ch. 83-349, 1983 Fla. Sess. Law Serv. 4861-63, § 8 (creating FLA. STAT. § 220.16).

38. *Id.* § 2 at 4853-54 (creating FLA. STAT. § 220.03(1)(bb)).

39. *Id.* § 8 at 4861-63 (creating FLA. STAT. § 220.16(1)(b)).

example, net rents, royalties and capital gains from real estate located in Florida will be subject to the unapportioned Florida tax.⁴⁰ As for "commercial domicile," this term is not defined in the Act, but probably refers to the corporate "headquarters" of the unitary group, the "nerve center" or "heart" of the collective business enterprise. Interest and dividend income is taxable on an unapportioned basis in Florida if the taxpayer's commercial domicile is in Florida.⁴¹ Rules for the allocation and taxation of other types of income are provided in the Act.⁴²

The Act became law with the Governor's signature on July 19, 1983. The Act, however, has a retroactive clause which makes the new provisions applicable to companies with tax years beginning on or after September 1, 1982.⁴³ This means that certain corporate taxpayers must now recompute their estimated tax payments to the State of Florida due after the effective date of the Act on the basis of the new tax law.⁴⁴

Florida Corporate Tax Planning

It is likely that the primary tax planning strategy for enterprises which are part of the unitary business groups, such as United States multinational corporations and international banks, would be to establish that their Florida operations are in fact *not* related to the conduct of a unitary worldwide business. This strategy would avoid the aggregation of the net income of the related corporations in determining the federal adjusted income used for Florida apportionment purposes. Such companies may be able to prove the nonunitary nature of their business if the Florida operations are not integrated with, dependent upon, or contribute to a flow of value among members of the group. For example, this could

40. *Id.* (creating FLA. STAT. § 220.16(2)(a)).

41. *Id.* (creating FLA. STAT. § 220.16(3)).

42. *Id.* (creating FLA. STAT. § 220.16(2)(b), (2)(c), (4)).

43. *Id.* § 26 at 4871. The increase in excise taxes on alcoholic beverages, however, took effect on September 1, 1983.

44. The estimated tax provisions were also changed by the Florida Legislature when it adopted SB 916 during the Special Session. In brief, SB 916 provides that: (i) an underpayment of the Florida tax will carry interest at the rate of 12% per annum (compared to the previous 6%) and may trigger a penalty of 12% (as opposed to the previous 10%) of the amount of underpayment; and (ii) requires that the estimated tax payments equal or exceed 90% of the tax shown on the final return for the current tax year, or an underpayment will be deemed to result. Act of June 30, 1983, SB No. 916, ch. 83-297, 1983 Fla. Sess. Law Serv. 3535, 3552-54, § 15 (amending FLA. STAT. § 220.34(2)).

perhaps be shown if the Florida operations are not linked by common managerial or operational resources that produce economies of scale or transfers of value with any out-of-state affiliates.

There is a statutory presumption that a unitary business group exists when there is common (direct or indirect) control or ownership of 50% or more of the outstanding *voting* stock of the different companies. This presumption could perhaps be overcome by showing that the multinational firm owns only nonvoting common or preferred stock or debentures not convertible into voting securities. This could be useful in certain situations where the form of business is an international joint venture and one of the partners will not be very active in the operation of the business.

An interesting anomaly may exist in the case of a non-United States parent corporation with no Florida operations except through a Florida subsidiary. Under the Act, the adjusted federal income which is subject to apportionment would include the income from both corporations, based on the unitary reporting method. Nevertheless, where the non-United States corporation is operating through a branch, rather than through a subsidiary in Florida, the unitary reporting method probably would not apply, since only one corporation was in existence. Therefore, only the federal adjusted income of such branch, if any, would be subject to the Florida corporate tax. This result may lead to changes in the way that foreign corporations structure their operations in Florida. In the past, the wholly owned subsidiary or brother-sister corporation has been the dominant form. In the future, such corporations could benefit by direct branch operations.

In addition, a multinational firm may avoid the 100% allocation of nonbusiness income to Florida by having such nonbusiness income generated through a related entity not connected with the Florida operations and, hence, not part of a unitary business group. This may require the multinational firm to upstream or downstream those assets (other than assets which cannot be moved, *e.g.*, as Florida real estate) which generate such nonbusiness income to non-Florida entities. Even if a unitary business group is deemed to exist between the transferor and transferee corporation, such transfers may at least minimize the Florida tax burden by reducing the property factor, and perhaps cause only some income to be apportioned to Florida. Similarly, firms would have an incentive to lower Florida payroll expenses so as to reduce the numerator in the allocation formula. Unfortunately, this may cre-

ate an incentive to establish "name-plate" offices in Florida as opposed to well-staffed permanent operations.

All banks, international bank agencies and Edge Act corporations with foreign source income could benefit from the international banking facility [IBF] exemption. The Code still provides that the "eligible" net income of an IBF may be deducted from adjusted federal income in determining Florida taxable income (the Act is silent on the use of IBFs).⁴⁵ The draft regulations to the Act, however, provide that any banking organization, as defined in the Code, is deemed to be an IBF. This would include both United States and non-United States banking organizations.

This regulatory definition would apply with respect to the Act's provisions, "regardless of whether such IBF status has been established under any other applicable state or federal law."⁴⁶ The exclusion of income from the Florida tax, however, only covers eligible IBF net income. Eligible IBF net income includes gross income, net of applicable expenses, from making, arranging, placing or servicing loans to foreign persons (if funds are used outside the United States), making or placing deposits with non-United States financial institutions including foreign subsidiaries or foreign branches of the taxpayer or with other IBFs, or from entering into foreign exchange trading or hedging transactions in connection with the above activities.⁴⁷ This definition excludes income from loans secured by Florida real estate.

Based on informal discussions with the Florida Department of Banking and Finance, the Department is considering issuing a new rule which would expand the definition of eligible IBF income for purposes of the Code to include most foreign source income earned by banking organizations. This expansion is based on the language in the Code that permits the Department of Banking and Finance to define "deposits," "borrowings" and "extensions of credit," for purposes of determining eligible asset and liability accounts of an IBF.⁴⁸ Final regulations are to be issued shortly.

45. Ch. 83-297, 1983 Fla. Sess. Law Serv. 4863-4865, § 9 (FLA. STAT. § 220.63(5)).

46. Draft Rule 12C-1.12(4).

47. Ch. 83-297, 1983 Fla. Sess. Law Serv. 4863-4865, § 9 (FLA. STAT. § 220.63(5)(b)).

48. FLA. STAT. §§ 220.62(3) and 655.071(2) (1981). See also FLA. STAT. § 220.69 (1981) and ch. 83-297, 1983 Fla. Sess. Law Serv. 4865, § 10 (FLA. STAT. § 220.64) for a possible argument that § 220.69 is manifestly incompatible with the unitary reporting method as provided in ch. 83-297, 1983 Fla. Sess. Law Serv., § 4 (FLA. STAT. § 220.135).

The authors wish to thank Ms. Sharon Blake of the University of Miami School of Law for her cooperation in connection with this article.

Conclusion

The debate over the wisdom of the Act is certain to rage for some time. Already, the first bill introduced in the Florida Legislature for the 1984 session seeks the repeal of the Act. At the federal level, legislation has been introduced to limit the power of states to impose taxes computed on the worldwide unitary reporting method. In the meantime, Florida businesses must attempt to cope with the intricacies of a law which was the subject of a mere twenty-four hour debate in the Legislature prior to its passage, as well as highly-technical draft regulations issued quite recently in furtherance of the Act. This article is, by necessity, therefore, not a complete overview of the working of the Act nor an evaluation of all of its potential ramifications. Only greater experience with the present Code, including the new unitary tax provisions, will provide that perspective.